

PSJ3
Exhibit 679

Logistics Planning Update

Dean Vanelli	Logistics Planning	July 08, 2013
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	Actual	FCST	Variance	% Var FCST	LY	Variance	% Var LY
July MTD (wk 30)							
Volume	263,000,939	265,149,218	(2,148,279)	-0.81%	262,248,424	752,515	0.29%
Payroll	19,726,666	19,735,271	(8,605)	-0.04%	20,012,776	(286,110)	-1.43%
CPP	0.0750	0.0744	0.0006	0.77%	0.0763	(0.0013)	-1.71%
Hours	892,762	883,957	8,805	1.00%	915,891	(23,129)	-2.53%
Through Put	295	300	(5)	-1.79%	286	8	2.89%
Year to Date (Jan - July)							
Volume	2,120,264,281	2,143,627,057	(23,362,776)	-1.09%	2,154,780,467	(34,516,186)	-1.60%
Payroll	149,549,265	151,167,315	(1,618,050)	-1.07%	155,128,663	(5,579,398)	-3.60%
CPP	0.0705	0.0705	0.0000	0.02%	0.0720	(0.0015)	-2.03%
Hours	7,092,680	7,169,983	(77,304)	-1.08%	7,531,204	(438,524)	-5.82%
Through Put	299	299	(0)	-0.01%	286	13	4.48%

P&L / Forecast

- July 2013 P&L Results (controllable lines)
 - Total P&L \$732k Over Forecast
 - Delivery \$804k Over Forecast
 - Warehouse Payroll \$22k Over Forecast
 - Warehouse Expense \$-93k Under Forecast (exclusive of payroll)
- Jan – July 2013 P&L Results (controllable lines)
 - Total P&L \$-83k Under Budget
 - Delivery \$-2.78m Under Budget
 - Warehouse Payroll \$-330k Under Budget
 - Warehouse Expense \$3.02m Over Budget (exclusive of payroll)

Logistics Owns Sales Scorecard (July Preliminary against Forecast)

- 2 CPP (0.0750 vs. 0.0744)
- 2 Throughput (295 vs. 300)
- 3 Cube Per Route (2289 vs. 2280)
- 4 On Time Delivery (99.25% vs. 98.50%)
- 4 Assumed Receipts Gross Pick Accuracy (97.75% vs. 97.50%)
- 4 Front Store Service Level (99.70% vs. 99.50%)
- 1 FS DOS (114.3 DOS vs. 108.5 DOS)
- 4 Rx DOS (60.9 DOS vs. 61.6 DOS)
- 3 Sales (TBD)
- 2.88 July projected; assumes FS DOS score of 1
- 3.28 YTD projection

Blue Chip Audits

- All DCs have completed their initial Blue Chip Audit for 2013; audits to be completed twice a year
- Meetings set with each DC (many are already complete) to review audit observations, identify opportunities and develop corrective action plans
- Recap of Blue Chip results to be shared with Logistics Leadership by Mid-August

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- Gathered valuable feedback on audit to fine tune contents and identify process variation across the network

SOP Standardization

- Redesigning Logistics Intranet website to include enhanced Policy and Procedure page
- Cleaned up existing web page to separate SOP's from reference materials; SOPs and reference materials will have their own web page
- Reviewed with Logistics Leadership during Q2 Business Review Meeting
- Partnering with various network experts and internal resources to review and update SOP content
- Will set meeting with Logistics Leadership to review final web site design, content and to seek additional resources to complete comprehensive review of critical SOPs

Enhanced Pharmacy Cold Chain

- New SOPs, processes and supplies used to ship cold chain pharmacy items have been rolled out to all pharmacy distribution centers
- Revised trailer temperature settings based on enhanced cold chain shipment protocol
- Forecasted incremental supply spend in July forecast

Store of the Future (Path Stores)

- New item receipt/slotting in Lumberton is 94% complete; awaiting remaining items
- New item receipt/slotting in La Habra is 93% complete; awaiting remaining items
- New item receipt/slotting in Patterson is 88% complete; DC is on plan
- New store in Tulsa, OK is serviced by 3 DCs (NJ –SOF unique items, LA-healthy skin items and EN-normal servicing DC)
 - Damages experienced with heat sensitive items from NJ resulted in moving those 35 items into Ennis
 - DCs supported several unplanned shipments for its executive visit and day one opening to the public.
 - Expect to remove NJ from servicing Tulsa in the next week based on La Habra's receipt status
- Plans in place to support Store Operations change request to deliver layout order week prior to MSD rather than across week 2 of MSD
- Discussions underway regarding Store Operations ultimate request of a special delivery or special markings for SOF product
 - Provided cost to execute and awaiting response from Rich Molchan/Hank Casillas on funding
 - DCs can support either request - No actions will be taken until funding question is resolved
- 2014 store Path Store list is not finalized
- 2013 store list currently No sitting at 65 stores, but could change based on permitting or business decisions

Downtown Delivery

- Expanded cart pilot to 23 incremental stores in NYC and Philadelphia is still in progress
- Completed field visits to review pilot expansion
 - Visit highlighted opportunities in store selection as a handful of expansion stores have ability to receive full pallets through backdoor and would not realize full benefit of pilot
 - Partnered with field management and Store Operations to select replacement stores that require on-street front door delivery via hand truck and U-boat
- Completed DC cost analysis
 - \$112.91/store/delivery for cart delivery
 - \$5,871/store annualized (once a week store)
 - \$11,743/store annualized (twice a week store)
 - Initial estimate of 30 hours/week store labor savings (\$18,720 savings)
 - Suggests an EBIT favorable proposition of \$12,849 for once a week delivery stores and \$6,977 annually for twice a week delivery stores
- Waiting finalized Store Benefits Statement to complete business case and review with SCO Governance Team

Suspicious Order Monitoring

- Completed and approved SOM mathematical algorithm design
 - Controlled substance orders to pass through 14 algorithm tests
- Received algorithms in SAS code from AGI (consultants)
- IT currently building data feeds and technical infrastructure required to support SOM algorithms
- Received, reviewed and approved algorithms for listed chemicals
 - AGI to pass SAS coding and flow charts to IT by mid-week
- SOM process will include store controlled substance orders placed with CVS warehouses and outside vendors (Cardinal and McKesson), capture state specific requirements and store orders of DEA listed chemicals (PSE/E, acetone, iodine (known Meth precursors))
- Current project timeline
 - Finalize requirements – May 31st - Complete
 - IT build and test –September 20th
 - UAT and Training - October 25th
 - Roll out – November 18th

Compliance

Redacted - Privilege